



St. Vrain Valley Credit Union

Ms. Mary Rupp
NCUA Board Secretary

March 8, 2010

Dear Ms. Rupp and NCUA Board of Directors:

I am concerned that NCUA has rushed to produce a complex 253 page regulation with little time allowed for review and comment. Key analysis on both the assumptions and impact of the regulation does not seem to have been adequately addressed. An example of this is the rouge comments coming from NCUA regarding "legacy assets". How can you possibly implement this regulatory change without having a plan on such an important detail?

In the summary of the proposed rule, NCUA states that "these amendments will strengthen individual corporates and the corporate credit union system as a whole." This statement may be true if the only purpose of the corporate will be to provide short-term liquidity options at a high cost.

NCUA is responding to the fallout from a 100 year flood. This isn't the time to write pages of regulations to protect us from what has already happened. It's time to examine what went wrong and determine if we should have seen it coming. Too much risk is easy to say. The whole WORLD took on too much risk. We have bankrupt nations, a failed global financial system, and the bailout of the biggest money makers in the world. If the geniuses that make the world go round couldn't keep this from happening, what makes you think the corporates should have been better prepared? This is a lesson in history and once completely dissected will show that corporates were just another bystander.

Where should NCUA concentrate efforts? Examine the primary reasons for depth of the wounds that have been suffered and find both internal and external solutions:

- Some corporates are in good condition. What did they do differently?
- Did the decision of NCUA to conserve WesCorp and US Central actually hurt the situation by jumping too quickly and causing panic?
- Are the accounting rules that are causing unrealized losses steering the ship? Why can't NCUA work to change these rules on behalf of the corporates?
- What other agencies were responsible for the melt down and what is their culpability? Should NCUA work to change the investment rating system and failures at the SEC?
- How is the banking regulator responding to this issue? I believe they lobbied for assistance from the government and got it. Why doesn't NCUA do the same for the corporates? Because they're taxed, you say? Taxes paid by the banks don't begin to cover the cost of a long history of bailouts. Independence, you say? No one gets through a crisis alone. Put pride aside if you want to survive.
- Did the regulations allow for too much concentration of risk in one asset class? Probably, but don't throw the baby out with the bath water.
- Did the regulations allow for too little capital for the risk taken? Probably, but allow an adequate amount of time to systemically raise the money or reduce risk.
- Did the reliance on NEV hide risk? Absolutely! It's time to re-evaluate this outdated and inadequate risk rating method and update the risk rating tools.

NCUA, I implore you to be innovative in your response of this economic tragedy. Government typically responds to extreme conditions by over-regulating a tornado that has already dissipated. Bring young, fresh minds to the table and find a new approach to a very old problem. There is a new spin on the history that is repeating itself. Put a new spin on regulatory response.

Respectfully Submitted,

Darlene Brown, CFO/EVP